

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND
TRANSPORTATION
COMMISSION

Complainant,

v.

PACIFIC POWER & LIGHT
COMPANY,

Respondent.

DOCKET UE-152253

PUBLIC COUNSEL RESPONSE
TO STAFF MOTION TO REJECT
PACIFIC POWER'S PROPOSED
DECOUPLING TARIFF FILING
FOR NONCOMPLIANCE WITH
ORDER 12

1. Public Counsel files this Response pursuant to the Commission's January 22nd Notice of Opportunity to Respond to Staff's Motion to Reject Pacific Power's Proposed Decoupling Filing for Noncompliance. Public Counsel supports Staff's Motion. We share Staff's belief that Order 12 does not allow a circumstance under which Pacific Power would keep all of the excess earnings and fail to share the customers' portion of those excess earnings as prescribed by the earnings test.¹
2. The Commission conditioned Pacific Power's decoupling on an earnings test that requires the Company to compare its non-normalized return on equity (ROE) to its authorized ROE. If the Company's actual ROE is higher than authorized, the decoupling surcharge is reduced or eliminated up to 50 percent of the excess earnings. Or, if the deferral results in a surcredit, the decoupling surcredit is returned plus 50 percent of the excess earnings.² The

¹ Staff's Motion ¶ 7.

² *WUTC v. Pacific Power*, Docket UE-152253, Order 12 ¶¶ 133-134 (Sept. 1, 2016).

Commission also adopted Staff's proposal to implement a 2.5 percent trigger for implementation of rate adjustments.³ The rulings taken together do not mean that ratepayers would benefit from the earnings test only when the rate adjustment trigger is met. Rather, to give full effect to the earnings test, the decoupling surcharge or surcredit amount should be adjusted. The trigger mechanism only controls when ratepayers will receive the rate adjustment, but it should not also weaken the earnings test.

3. Public Counsel respectfully recommends that the Commission grant Staff's Motion.

DATED this 25th day of January 2018.

ROBERT W. FERGUSON
Attorney General



LISA W. GAFKEN
Assistant Attorney General
Public Counsel Unit Chief

³ Order 12 ¶ 128.